

Message Text

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ACTION EUR-12

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O R 141632Z SEP 78
FM AMEMBASSY PARIS
TO DEPARTMENT OF TREASURY IMMEDIATE
INFO SECSTATE WASHDC 7372

UNCLAS SECTION 01 OF 02 PARIS 30494

PASS OASIA FOR SYVRUD AND JERRY NEWMAN

E. O. 11652: N/A

TAGS: EFIN

SUBJECT: FRENCH LEGAL AND ADMINISTRATIVE RESTRICTIONS
ON ESTABLISHMENT OF FOREIGN BANKS IN FRANCE
AND TAKEOVERS OF DOMESTIC BANKS BY FOREIGN
BANKS

REF: SCHWARTZ-SULLIVAN TELEPHONE CALL

1. FRENCH LAW REQUIRES PRELIMINARY AUTHORIZATION FOR
THE CREATION OF BANKS. THIS AUTHORIZATION IS GIVEN BY
THE CONSEIL NATIONAL DU CREDIT ON ADVICE OF THE ASSOCIA-
TION FRANCAISE DES BANQUES. THIS AUTHORIZATION APPEARS
FORMALLY BY REGISTRATION ON THE BANK LISTING.

2. IN ADDITION, FRENCH BANKING LAW PROVIDES THAT
FOREIGNERS ARE NOT, IN PRINCIPLE, ALLOWED TO ACT AS
MANAGER OR ON THE BOARD OF DIRECTORS OF THE BANK
EXCEPT WHEN PERMISSION IS GRANTED BY THE FINANCE
MINISTER. HOWEVER, THIS PROVISION IS NOT APPLICABLE
TO NATIONALS OF EEC MEMBER COUNTRIES.

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3. FINALLY, ANY FOREIGN COMPANY WISHING TO INVEST IN
FRANCE IS BOUND BY THE FOREIGN INVESTMENTS LAW AND
REQUIRED TO OBTAIN PRELIMINARY AUTHORIZATION FROM THE
FINANCE MINISTRY.

4. THE FOLLOWING SPECIFIC REQUIREMENTS APPLY TO THE

OPENING OF A BANK OR BRANCH WITH CAPITAL BELONGING TO
A FOREIGN BANK OR TO FOREIGNERS.

(A) SUBMISSION OF THE FOLLOWING DOCUMENTS TO THE
ASSOCIATION FRANCAISE DES BANQUES:

(1) A REQUEST FOR REGISTRATION ON THE BANK
LISTING TOGETHER WITH:

--AN EXPLANATORY NOTE REGARDING THE HISTORY
OF THE BANK, IMPORTANCE IN COUNTRY OF ORIGIN, TYPE OF
OPERATIONS HANDLED, AMOUNT OF CAPITAL AND NAME OF
PRINCIPAL SHAREHOLDERS, AND MEMBERS OF THE BOARD OF
DIRECTORS,

--THE TWO LAST ANNUAL REPORTS,

--ONE COPY OF STATUTES,

--A NOTE ON THE ESTIMATED OPERATIONS OF THE
BANK OR BRANCH, AND ON THE AMOUNT OF CAPITAL WHICH WILL

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BE ALLOCATED TO IT. BRANCHES MUST RECEIVE A CAPITAL
ENDOWMENT AT LEAST EQUIVALENT TO MINIMUM CAPITAL OF
FRENCH BANKS. (2,500,000 FRANCS FOR DEPOSIT OF LONG

AND MEDIUM TERM CREDIT BANKS, 10,000,000 FRANCS FOR MERCHANT BANKS. RESPECTIVELY 5,000,000 FRANCS AND 20,000,000 FRANCS IF THE TOTAL BALANCE SHEET IS EQUIVALENT TO OR HIGHER THAN 300 MILLION FRANCS.)

(2) A REQUEST FOR PERMISSION FOR A FOREIGNER, OTHER THAN CITIZENS OF THE EC, TO SERVE AS BANK MANAGER. IF THE OPENING OF A BRANCH IS INVOLVED, THIS REQUEST MUST INCLUDE ALL FOREIGN DIRECTORS OF THE BANK. THE CURRICULUM VITAE OF ALL PEOPLE CONCERNED MUST BE ADDED TO THIS REQUEST.

(B) APPLICATION AT THE TREASURY DEPARTMENT OF THE FINANCE MINISTRY FOR AN INVESTMENT AUTHORIZATION REQUEST.

THIS AUTHORIZATION IS AUTOMATICALLY GRANTED WHEN REGISTRATION ON THE BANK LISTING HAS BEEN AUTHORIZED.

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5. THE FOLLOWING REQUIREMENTS APPLY TO THE ACQUISITION BY FOREIGNERS OF SHARES IN FRENCH DOMESTIC BANKS:

(A) THE FRENCH BANKING LAW REQUIRES PRELIMINARY AUTHORIZATION FROM THE CONSEIL NATIONAL DU CREDIT OF THE ACQUISITIONS OF STOCKS:

(1) WHICH AMOUNT TO 20 PERCENT OR MORE OF CAPITAL, OR

(2) WHICH TOTAL OR EXCEED 10,000,000 FRANCS.

IN EITHER CASE THE REQUIREMENTS LISTED IN PARAGRAPH 4 WILL APPLY.

6. ALL FOREIGN BANKS IN FRANCE ARE SUBJECT TO THE SAME REGULATIONS AS DOMESTIC BANKS--I.E., THOSE OF THE COMMISSION DE CONTROL DES BANQUES ON FORMAL BANKING REQUIREMENTS AND THOSE OF THE CONSEIL NATIONAL DU CREDIT ON MONETARY AND CREDIT POLICY. GAMMON

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